

SENATE BILL REPORT

E2SHB 2021

As of March 19, 2009

Title: An act relating to revitalizing student financial aid.

Brief Description: Revitalizing student financial aid.

Sponsors: House Committee on Education Appropriations (originally sponsored by Representatives Kenney, Probst, Wallace, Sullivan, Priest, Maxwell, Chase, Ormsby, Hudgins, Jacks, Lias, White, Sells, Morrell, Kelley, Darneille, Wood and Roberts).

Brief History: Passed House: 3/09/09, 62-34.

Committee Activity: Higher Education & Workforce Development: 3/18/09.

SENATE COMMITTEE ON HIGHER EDUCATION & WORKFORCE DEVELOPMENT

Staff: Aldo Melchiori (786-7439)

Background: The State Work Study (SWS) program provides part-time work opportunities to needy students, enabling them to earn money for college often while gaining experience in jobs related to their career goals. The state's two- and four-year colleges and universities, and many accredited independent four-year colleges and universities, offer this form of financial assistance to eligible students.

The Educational Opportunity Grant (EOG) program provides \$2,500 grants to encourage financially needy students to complete a bachelor's degree. Students must be Washington residents, have already earned an associate of arts or sciences degree, and be "placebound." To be considered placebound, students must be unable to continue their education, without the assistance of this grant, because of family or work commitments, health concerns, financial need, or other similar factor.

Summary of Bill: All public institutions of higher education must label the state subsidy per student and all types of financial aid under the umbrella term of "Opportunity Grant" on their tuition billing statements and financial aid award letters. This includes aid from all sources, except federal student loans are exempt from the labeling requirement. Institutions retain the ability to customize their tuition billing statements and financial aid award letters to differentiate between programs.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The EOG program is phased out over a period of two years. No new awards are made after August 1, 2009, but current recipients receive the full amount of their awards until August 1, 2011. Subject to budget decisions, EOG funding is moved into the State Need Grant. Enhanced State Need Grants, in addition to the base need grant, are provided for placebound students who have earned an associate degree, subject to appropriations specific to this group of students.

The Higher Education Coordinating Board (HECB) labels all student financial assistance programs that they oversee under the umbrella term of "Opportunity Grant." If a web-portal is created that provides a "one-stop shop" for college-going information, all financial aid must be listed underneath the "Opportunity Grant" label. The HECB retains the ability to customize the display to differentiate between various loan programs.

For nonresident students, state work-study eligibility is capped at 15 percent, to the maximum extent practicable. Priority consideration is given to spouses and dependents of persons on active military duty stationed in the state.

The HECB awards competitive grants to colleges and universities that develop partnerships with local firms. The firms must offer a job placement in a high demand field for at least one academic term. Funding can be used for wages and program administration. Colleges and universities are permitted to use their institutional aid funds for students in dual credit programs.

The Washington Higher Education Loan Program (HELP) is created to be administered by the HECB. The HECB determines loan repayment obligations, eligibility criteria, total loan limits, fees or other charges related to the loan, and creates other particular loan programs like conditional loans or emergency loans. The program is limited to undergraduate or graduate Washington residents who are deemed "needy" by the HECB and will attend a college or university in Washington. Public and private institutions are eligible, provided that they are accredited and recognized by the HECB. Loans are capped at the resident undergraduate, graduate, or professional tuition and state-mandated fees at the most expensive Washington public institution of higher education.

The Washington HELP Account is created in the custody of the State Treasurer (Treasurer). The Treasurer invests available funds at public depositories participating in HELP; and subject to available funds, the investments are made in the form of certificates of deposit. The Treasurer gives a 2 percent interest rate preference to the depository and in exchange, the depositories must make qualifying loans to students with an interest rate that is 2 percent below the interest rate the depository would charge for a loan for a similar purpose and similar term.

Appropriation: None.

Fiscal Note: Requested on March 10, 2009.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Washington ranks fourth in the United States in terms of state financial aid awarded. We must do more to aid parents and students when they are trying to understand financial aid and where to get help. We need a single and easily recognized name for financial aid as well as a statewide marketing plan. Too many parents and students are not even aware that they are eligible for financial aid. State resources should be directed toward the most efficient financial aid programs. The dual credit program changes in this bill will make Running Start programs more affordable. Students support the intent of this bill.

OTHER: In some instances, rebranding financial aid may cause more confusion for students trying to locate financial aid. Private organizations providing grants should be identified individually. Middle-income students receive nothing new except access to student loans. Student loans are not grants, they are obligations that must be repaid. Federal GI benefits are earned through service, they are not grants.

Persons Testifying: PRO: Representative Kenney, prime sponsor; John Klacik, HECB; Scott Copeland, State Board for Community and Technical Colleges; Greg Scheiderer, Independent Colleges of Washington.

OTHER: Julie Suchanek, The Evergreen State College; Richard Lum, Associated Students of UW; Morgan Holmgren, Associated Students of WWU and Washington Student Lobby; Matthew Holmes, Associated Students of EWU and WSL.